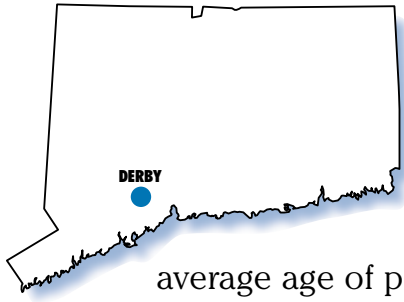
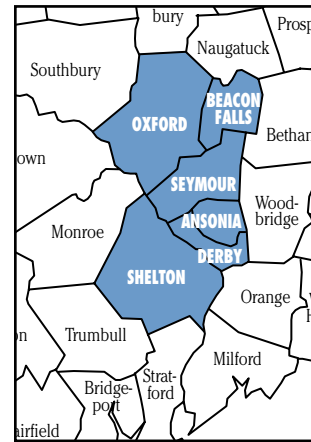


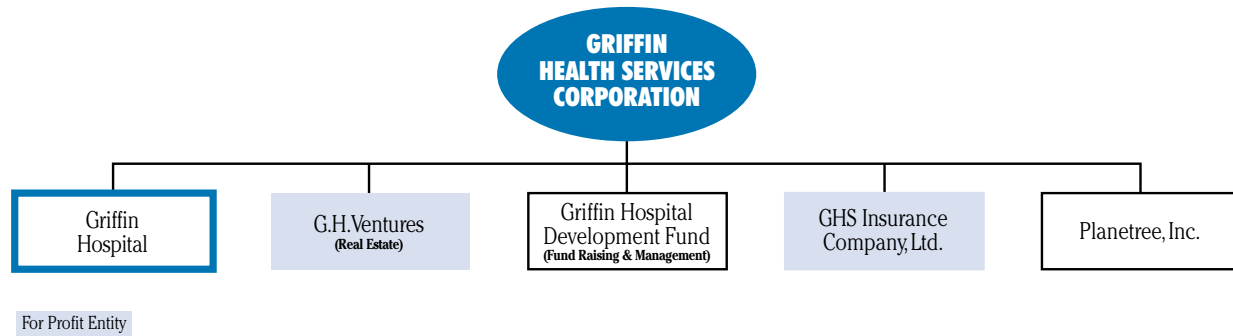
## GRIFFIN HOSPITAL

Griffin Hospital was founded in 1909 as Derby Hospital. In addition to Derby, it primarily serves five other Naugatuck valley towns. In FY 1999, the hospital staffed 149 of 175



licensed beds and employed 668 Full Time Equivalents. It is a teaching affiliate of Yale University School of Medicine. The hospital's average age of plant is 10.8 years as compared to the U.S. average of 9.2 years.





MARGINS	1997	1998	1999
Total margin	-0.87%	-3.22%	3.23%
Operating margin	-2.13%	-5.36%	0.52%

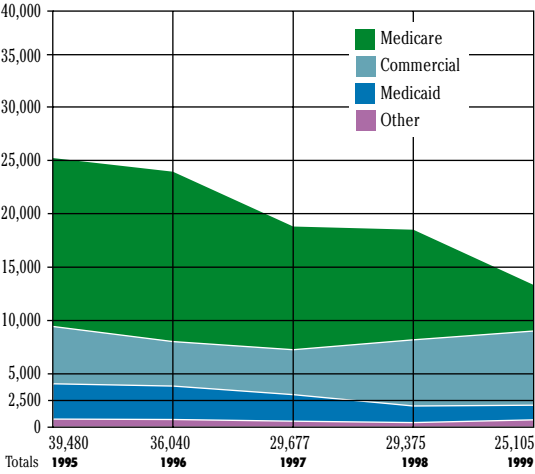
PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.40	.38	.35
Medicare Payment to Cost	.93	.90	.91
Medicaid Payment to Cost	.64	.62	.69
Private Payment to Cost	1.15	1.10	1.23
Uncompensated Care Cost	\$2,643,654	\$1,693,150	\$1,682,453
Total expenses	\$59,392,500	\$61,179,156	\$59,842,229
Uncompensated care % of total expenses	4.45%	2.77%	2.81%

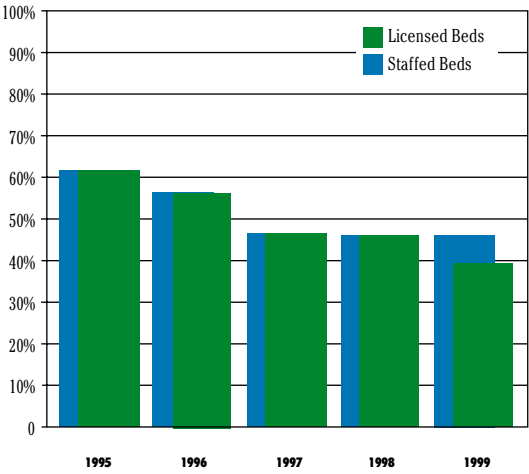
CAPITAL STRUCTURE RATIOS			
Equity financing ratio	26.80%	14.37%	21.51%
Debt service coverage	2.44	1.46	2.59

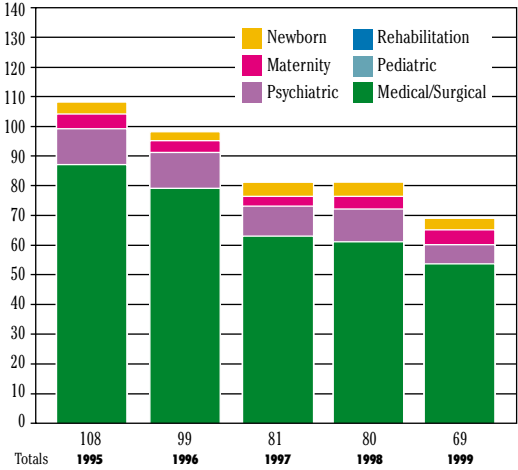
LIQUIDITY MEASURES			
Days of expenses in accounts payable	61.79	83.27	85.41
Days cash on hand	6.29	12.46	15.02
Days of revenue in accounts receivable	59.30	53.43	59.59



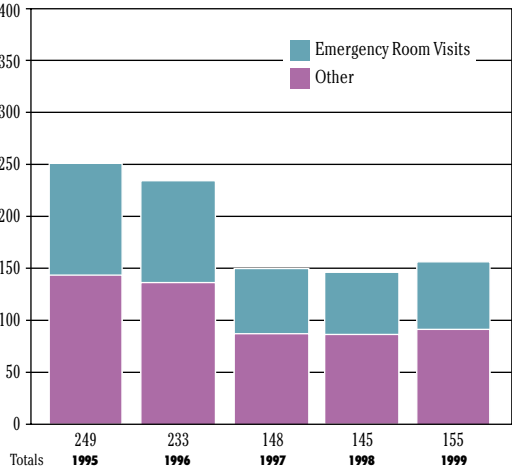
PATIENT DAYS BY PAYER



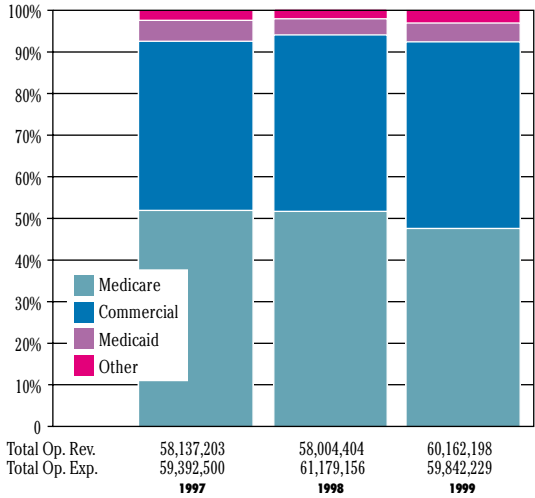
AVERAGE OCCUPANCY



AVERAGE DAILY CENSUS BY SERVICE



AVERAGE DAILY OUTPATIENTS



NET PATIENT REVENUE BY PAYER

## KEY PERFORMANCE DRIVERS

- ◆ Residents of Derby and surrounding areas have relatively easy access to Bridgeport, New Haven, and Waterbury. Griffin competes with the hospitals located in these towns.
- ◆ In 1994, Griffin Hospital opened the first building in the U.S. designed specifically based on the Planetree care philosophy. This philosophy centers on a consumer-driven health care system that emphasizes patient convenience, choice, and participation in the healing process.
- ◆ Griffin Hospital is a teaching affiliate of the Yale University School of Medicine.
- ◆ Patient volumes at Griffin Hospital follow national trends. Since 1995, inpatient discharges decreased 7 percent while emergency room visits held steady at 33,000 per year.
- ◆ Medicare represents more than 50 percent of gross charges, and payments are below cost. The hospital's modest positive margins depend on commercial payment levels.
- ◆ Three towns in Griffin Hospital's service area have been designated by federal authorities as physician shortage areas. Recruiting physicians has been challenging. Financial assistance often is necessary to attract new physicians to the area.
- ◆ Griffin Hospital was selected as one of the top 100 places to work by *Fortune* magazine. However, nurses and pharmacists are difficult to recruit and retain in this tight labor market.
- ◆ In 1998, the operations of Griffin Hospital's Suburban Health Plan were dissolved.

## SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

**Margins.** Increased outpatient volumes and controlled growth of expenses has led Griffin Hospital from negative margins in 1997 and 1998 to positive margins in 1999.

**Prevention Research Center.** With a grant from the Centers for Disease Control and Prevention, Yale and Griffin Hospital established the Yale-Griffin Prevention Research Center. The center's goal is to develop innovative approaches to health promotion and disease prevention.

**Bed Conversion.** With an average occupancy rate of approximately 50 percent and a community demand for sub-acute beds, Griffin management wants to convert some acute care beds to subacute beds. Currently state regulations prevent this kind of conversion.

**Workforce Issues.** Despite national recognition as a desirable place to work, the statewide staffing shortage is making it difficult for Griffin to staff appropriately. The Planetree model, which is associated with higher staffing levels, exacerbates this problem.